STATEMENT OF S. C. KELTON,
SECRETARY OF ROHM & HAAS COMPANY, PHILADELPHIA, PA.

Mr. Chairman: I am anxious to make a brief statement concerning the principles raised in the testimony yesterday and this morning. The principal matters fall under several headings.

First, Plexiglas was a German development. We got it from Germany and if we hadn't secured from German concerns both the patents and the technical information on manufacture there wouldn't be an inch of Plexiglas in an American bomber or pursuit plane today. As Germany acquired more technical information it was furnished to us. We had virtually nothing we could pass on of value to any German concern, but Germany passed on extremely valuable information to us. In fact, in 1936 we had a chemist in the Darmstadt plant studying the processes, and up until 1939 German concerns continued to send us the technical information which they developed. The story of Plexiglas is a story of a one-way flow of information, and the flow was from Germany to this country.

The Construction Manual of the United States Army Air Corps, recently issued, states as follows: (4/17/42)

> "To the genius, then, of Dr. Otto Rohm, and his associates, the trail blazers in the theory and fabrication of Plexiglas, we tender the thanks of the United States Army Air Corps."

Second, as a result of bringing Plexiglas to the United States, the Rohm and Haas Company is able to state with pride to this Committee that it has been able to keep ahead of all orders received from the Army, Navy, or aircraft manufacturers. It has been able,

in addition to fill all orders it has received from the other United Nations. There is not now and there never has been a shortage of Plexiglas for war purposes. The basic expansion in Plexiglas production for war purposes began in 1939, and capacity has been increased many times over. As production has gone up the price has gone down although the cost of manufacture has increased, and although it was not until 1940 that the company was actually able to show a profit on Plexiglas. This expansion was undertaken by the company on its own initiative, without awaiting the request of any Governmental agency. It was effected with the company's own funds, to the extent of $4,000,000 -- a sum far in excess of any profits realized. This company is proud of its achievment in this respect, and it is also proud of the telegrams which it has received, of which the following is typical:

> "To the employees of Rohm & Haas Co.
> Philadelphia Penn
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> Ten North American B Twenty Fives flew two thousand miles across the Pacific from Australia to the Philippines and blasted Japanese invaders night of April thirteenth period Docks were wrecked ships were sunk airfields and grounded craft destroyed period Flight Leader General Royce and Lieutenant Colonel Davies were cited quote for Heroism and Extraordinary Achievement unquote period Your workmanship helped get them there and bring them back period We recognize that fact and know you join with us in pride in their accomplishment and
>
> Lovett Assistant Secretary of War for Air"

The patent arrangements have not impeded plane production in this country. Absolute proof of this is found in the following incident: In the summer of 1941, the O.P.M. advised us

that there was an excess production of methacrylate sheets in England. The Imperial Chemical Industries of England had built duplicate plants so that if one were bombed they would still have ample supplies. As no plants were bombed, they had an excess. They requested the O.P.M. to dispose of that excess here. The O.P.M. was amazed to find that the requirements of every aircraft company here were being amply supplied by ourselves and duPont. They were unable to dispose of this excess. Subsequently when Russia was seeking large supplies of Plexiglas, we suggested to O.P.M. that they be supplied from the excess British production. This was done. We doubt if a similar situation can be found with any other vital defense material, patented or unpatented.

Third, we got the Plexiglas patents and naturally had to pay for them in the form of royalties. These royalties are lower than the royalties we pay under many license agreements with American concerns on far less basic patents. The point which we desire to emphasize, however, is that in spite of those agreements, not one cent of royalty money has gone to a German concern on sales since 1940. In fact, as early as July 1940 we inquired of the Federal Reserve Bank of Philadelphia as to methods by which we could avoid the payment of royalties to Germany, and thereafter we repeatedly went to the Federal Reserve Bank to see if royalty payments could legally be avoided. Finally, we took matters in our own hands by delaying the quarterly payments for 1940 for several months: we have paid no royalties to German firms on sales made since January 1, 1941. We have paid no royalty either on our Plexiglas sales or on any other products made by our company. We executed our own freezing order. This was approximately six months before the Executive order was issued freezing payments to German companies.

The above can be confirmed readily, by reference to the records of the Federal Reserve Bank of Philadelphia.

We have been engaged for a period of several months in numerous conferences with the Department of Justice looking toward a practical working out in the form of a consent decree, of various matters which have been thought by the Anti-Trust Division to be violations of the antitrust laws. I am not qualified to address myself to those questions, in fact I question the propriety of my doing so, but Mr. Huggins of the Company is here, and is able and anxious to respond to any questions which the members of this Committee may have concerning the various agreements referred to in Mr. Hubshinson's testimony.

Senate
Patents
Committee
(4/42)